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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding Policies, Procedures and Rules for the California Solar Initiative, the Self-Generation Incentive Program and Other Distributed Generation Issues.	Rulemaking 12-11-005 (Filed November 8, 2012)

ASSIGNED COMMISSIONER'S RULING ON THE IMPLEMENTATION OF PUBLIC UTILITIES CODE SECTION 379.6 OF SENATE BILL 861 TO EXTEND THE SELF-GENERATION INCENTIVE PROGRAM

1. Summary

This ruling sets forth a process to implement the changes to the Self-Generation Incentive Program (SGIP) enacted by Senate Bill (SB) 861 (Stats. 2014, ch. 35). This ruling also seeks comments on the SGIP budget for 2015 through 2019 related to implementation of SB 861. SB 861 amended Pub. Util. Code § 379.6 to, among other things, modify the SGIP.

SB 861 modifies Pub. Util. Code § 379.6 as follows:

1. Authorizes collections for SGIP through 2019.
2. Authorizes administration of SGIP through 2020.
3. Requires the Commission to update the factor for avoided greenhouse gas (GHG) emissions on or before July 1, 2015.
4. Restricts SGIP eligibility to distributed energy resource (DER) technologies that:
    a. Reduce demand from the grid by offsetting customer onsite energy load;

   b. Are commercially available;
   c. Safely utilize the grid; and
   d. Improve air quality by reducing criteria air pollutants.

5. Subjects incentive recipients to audits and inspections.
6. Requires the Commission to determine a capacity factor for each DER technology.
7. Simplifies the requirements needed to qualify for an additional incentive as a California manufacturer.
8. Requires the Commission to measure the program's overall success based on:
   a. Greenhouse gas emissions.
   b. Criteria air pollutant air emission reductions and credits secured.
   c. Energy reductions as measured in energy value.
   d. Reductions of aggregate noncoincident customer peak demand.
   e. Capacity factor.
   f. Avoided costs for grid upgrades and replacements.
   g. Onsite reliability.

This ruling addresses that portion of SB 861 that extends authorization for collections through 2019. SGIP collections of $83 million per year are currently authorized through 2014. The remaining issues will be addressed in 2015.

2. Authorization for Collections

SB 861 extends the authority of the Commission to authorize annual collections for SGIP through December 31, 2019, at a rate not more than the amount authorized for SGIP in the 2008 calendar year, or $83 million per year.

In 2009, SB 412 (Kehoe) authorized collections for SGIP up to this level for 2010 and 2011. The Commission implemented the SGIP collection authorized by

SB 412 in Decision (D.) 09-12-047 and adopted an annual budget of $83 million for the SGIP in 2010 and 2011.

In 2011, Assembly Bill (AB) 1150 (Perez) extended authorization for SGIP collections through 2014. The Commission implemented the SGIP collections authorized by AB 1150 in D.11-12-030, which adopted an annual budget of $83 million for the SGIP in 2012, 2013, and 2014.

Both decisions also allocated the SGIP budget across the four relevant utilities, namely Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas).

The SGIP is administered by these same investor-owned utilities, except that the Center for Sustainable Energy administers the program within SDG&E's service territory. The current allocation is as follows:

Table 1: SGIP Annual Budget Allocation for 2010-2014.

Utility	**Annual SGIP Budget (millions)**
PG&E	$36
SCE	$28
SDG&E	$11
SoCalGas	$8
Total	**$83 million per year**

This ruling proposes that the Commission continue to authorize PG&E, SCE, SDG&E, and SoCalGas to collect $83 million for SGIP per year in 2015, 2016, 2017, 2018, and 2019 and according to the same allocation as is currently adopted, and shown in the table above.

Party comments in response to this ruling should address the following questions:

1. Should further collections be authorized for the SGIP, and why or why not? If yes, should further collections be authorized for all years 2015, 2016, 2017, 2018, and 2019?
2. If further collections are authorized, should the full $83 million per year be authorized for each year, why or why not?
3. If further collections are authorized, should the current annual budget allocation be continued, and why or why not? If not, propose an alternative methodology for calculating the allocation with details regarding proposed calculations, a justification for the change, and expected outcomes from the alternative methodology.

3. Process to Implement Other Changes to SGIP

In D.01-03-073, the Commission established the SGIP to encourage the development and commercialization of new distributed generation technologies. Since then, the program has been modified several times. In 2009, SB 412 made several substantive changes, including the extension of the administration of the SGIP program through the end of 2015, and the requirement that SGIP installations reduce GHG emissions. AB 1150 further extended the authority of the Commission to authorize annual collections for SGIP through December 31, 2014, at a rate not more than the amount authorized for SGIP in the 2008 calendar year. The new changes to SGIP mandated in SB 861 are outlined above. In addition to those changes, the Commission may solicit and consider party comments regarding modifying the SGIP in other ways to help the program better achieve its goals.

The SGIP program administrators have commissioned several studies which should be completed or nearly complete by January of 2015. They include an SGIP Impact Evaluation, a Cost-Effectiveness Analysis, and a Market

Transformation Study. It is expected that information in these studies will help to inform the Commission's consideration of various revisions to the program. Specifically, the studies will also help to meet the Commission's obligation to update the factor for avoided GHG emissions on or before July 1, 2015, as noted above.

So that parties can assist the Commission in meeting the July 1, 2015 statutory requirement, as well as effectuate deeper programmatic changes, both those required in SB 861 as well as additional possible improvements, the Commission will issue another ruling in early 2015 seeking input. It is envisioned that these deeper programmatic changes, with the exception of the new GHG factors,[1] would become effective on January 1, 2016.

Therefore, **IT IS RULED** that comments of not more than 20 pages may be filed and served on or before October 15, 2014 on whether the Commission should authorize Self-Generation Incentive Program collections of $83 million per year, allocated across the four relevant utilities as set forth in this ruling, for the years 2015, 2016, 2017, 2018, and 2019. Comments should also address the above-noted questions. Reply Comments may be filed on or before October 20, 2014.

Dated September 23, 2014, at San Francisco, California.

/s/ MICHAEL R. PEEVEY
Michael R. Peevey
Assigned Commissioner

[1] These GHG factors will be updated by July 1, 2015.